THE TRANSPORTATION LINK

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It is so exciting the way innovative technology is affecting every aspect of our lives. The information age is now in full swing and we're all benefiting from it. ATM cards, cell phones and even computer chips in our coffee makers are all evidence of this.

Similarly, new technologies are generating major changes in our transportation systems. From timed street lights and computer chips in our cars, to magnetic levitation high speed rail service, technology is improving the safety and efficiency of transportation.

Intelligent Transportation Systems, or *ITS*, represent a new age in the field of transportation. I want to be sure that small businesses have the opportunity to be a part of this revolutionary change.

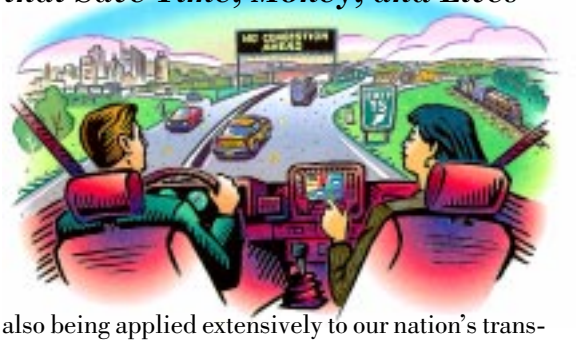
ITS is not something being planned only for the future. We are experiencing it right now.

I encourage all of you to learn more about technology and *ITS* to determine whether your company can benefit from the research and procurement opportunities that are becoming available.

The Department of Transportation wants small businesses to be involved as we adapt our transportation system for the new millennium.

Emergent *ITS* Applications Signal US Transportation Evolution

Technology is Rapidly Changing the Transportation System With ITS *Applications that Save Time, Money, and Lives*



Our nation is currently undergoing a period of rapid innovative technological change. New information technologies and electronics are used in offices, homes, schools, and throughout our daily lives.

These new technologies are also being applied extensively to our nation's transportation system. New computers, more sophisticated electronics, and more effective safety systems are being used to expand the safety and efficiency of our intermodal transportation network.

Intelligent Transportation Systems *(ITS)*

The term *ITS* is defined as the application of advanced sensor, computer, electronics, and communications technologies as well as management strategies — in an integrated manner — to increase the safety and efficiency of the surface transportation system. Traffic crashes and congestion have real costs in lives, lost productivity, and wasted energy. *ITS* enables people and goods to move more safely and efficiently through a state-of-the-art, intermodal transportation system.

ITS is used for improvement in the following key areas:

- Commercial Vehicles
- Traveler Information
- Transit
- Weather Applications
- Traffic Management
- Emergency Services
- Intelligent Vehicles
- Rural Applications

Private vs. Public Sector Involvement

The private sector has been involved in developing the new technologies that we associate with *ITS* for many years. Entrepreneurial companies have seen great opportunities in this arena. Historically the private sector has contributed to *ITS* through its expertise in technology, financial capital, and understanding of the consumer market. The Federal government became involved in 1991 when Congress formally created the DOT *ITS* Program to address our aging national transportation network.

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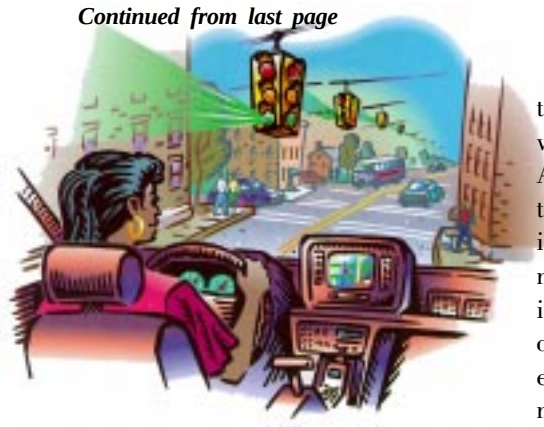

Computerized traffic signals give green lights to facilitate the commute home. On-board, vehicle navigation systems immediately notify the driver and offers alternate routes around congestion.

While *ITS* products, services, and technologies are already being implemented in states and localities around the country, Congress recognized that only pieces of the *ITS* infrastructure are being installed at any given time…and that is being done in a narrowly focused, piecemeal fashion.

The concern was that individual applications of *ITS* could actually fragment our transportation networks instead of serving as a bridge to a new era. This pattern brings great long-term risks of electronic "hardening" of these incomplete systems. It could take decades, and billions of dollars, to overcome this fragmentation.

For these reasons, the DOT *ITS* program has been based on the following four guiding principles:

To promote the implementation of a technically integrated and regionally coordinated transportation system through conformance with the national *ITS* architecture and use of applicable standards;

To support ongoing applied research and technology transfer;

To ensure newly developed *ITS* technologies and services are safe and cost-effective; and

To create a new industry by involving and emphasizing the private sector in all aspects of the program.

Grant and Procurement Opportunities

The Transportation Equity Act for the 21st Century, TEA-21, provides a very large amount of funding for *ITS*. A total of $1.282 billion in contract authority is provided for the *ITS* program in FY 1998-2003. Of this amount, $603 million is targeted for research, training, and standards development, while over $600 million will be used to accelerate integration and interoperability in metropolitan and rural areas as well as going to commercial vehicle *ITS* infrastructure.

ITS activities are also eligible for funding under other programs. For example, infrastructure-based *ITS* capital improvements are eligible for National Highway System (NHS) funding, a $28.5 billion program.

The Surface Transportation Program (STP), provides $33 billion that may be used for infrastructure-based *ITS* capital improvements. The implementation of *ITS* strategies that contribute to air quality improvement by means of improving traffic flow are eligible for the $8 billion Congestion Mitigation and Air Quality Improvement (CMAQ) funding.

How to Enter the *ITS* Arena

The preponderance of dollars for *ITS* projects are issued at the state level, therefore it is very important for you to keep in touch with your state *ITS* initiatives.

You can do so conveniently by going to the OSDBU Related Links page at: http://osdbuweb.dot.gov/related.htm and selecting "*ITS* in Your State" in the ITS section. This web page provides hyperlinks to each state showing earmarked *ITS* funding by project and fiscal year. It also outlines significant *ITS* initiatives in that state.

ITS America is an organization that was crated to foster public/private partnerships to increase the safety and efficiency of surface transportation through the application of advanced technologies.

In 1991, the U.S. Congress mandated *ITS America* to coordinate the development and deployment of intelligent transportation systems in the United States. Their web site, located at www.itsa.org highlights news and outreach events for the *ITS* community.

It is also important for small business to register with the Small Business Administration (SBA) database called PRO*Net*. DOT, other agencies, and the private sector are able to search the PRO*Net* database by SIC (Standard Industrial Classification) code or NAICS (North American Industrial Classification System) code for small businesses they want to do business with.

In the past decade, traffic has grown by 30 percent in our Nation's metropolitan areas. In the next 10 years, the number of cars on US roads and highways will increase by 50 percent.

You can register in PRO*Net* at http://pro-net.sba.gov/.

Small businesses should also register on the Electronic Posting System (EPS) site at http://www.eps.gov/ to receive automatic e-mail announcements on procurement opportunities by agency and by procurement category. (To learn more about EPS read the April 99 Transportation Link at http://osdbuweb.dot.gov/translink/apr99/index1.htm#TOC1)

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Sauer Trucking Capitalizes on Performance

This month's *Success Story* takes us to the northwestern tip of the continental US in Anacortes, WA to feature *Steve Sauer Trucking and Construction, Inc.*, an all purpose, general construction contractor.

Steve and Angela Sauer

Located less than 90 miles south of the Canadian border, *Sauer Trucking and Construction* started up in 1990 shortly after Steve Sauer purchased an end-dump truck to work for a construction company that soon went bankrupt.

"I came home one day and the truck was parked in my driveway," says Sauer, a onetime Alaskan salmon fisherman.

From that point on, Sauer became a truck company owner eventually acquiring four heavy-hauler dump trucks. His first State transportation contract came as a subcontractor for a road construction project on Pioneer Hwy in Skagit County. Sauer obtained his first contract performance bond through *Surety Insurance Services of the Northwest*, a surety bond agent, and a designate of DOT's *Bonding Assistance Program.*

The Bonding Program offers certified minority, women-owned and disadvantaged business enterprises (DBEs) an opportunity to obtain bid, payment and performance bonds for transportation-related projects.

After "watching and learning" while hauling for several large construction projects—and wanting more contract bid opportunities—Sauer added a construction component to his trucking company.

Today, *Sauer Trucking & Construction, Inc.* is an MBE/DBE general contractor currently applying for 8(a) status and has been hired for many Washington State DOT projects performing roadway excavation, infiltration, ditch digging, and other construction projects.

In Sauer's first year of operation as a trucking company, he earned $60 thousand employing himself and a driver.

In 1998 *Sauer Trucking & Construction, Inc.* earned $1.2 million employing as many as 22 people depending on the project's labor requirement.

As for construction work preference, Sauer is a man who enjoys the variety big-road construction projects offers. Recently his company won a large state DOT contract calling for 10 thousand linear feet of guard rail on Mt. Constitution in Moran State Park at Orcas Island.

"To tell you the truth, I really enjoyed the guardrail project," said Sauer sounding surprised by his contentment.

"I like doing the roadwork, doing the grading, all the way down the line. I enjoy all of it."

In addition to guardrails, Sauer's Company recently constructed some bathrooms for state parks.

On why his company has attained the success it has, Sauer says that quality service and building personal relationships with clients has been his winning formula. In addition, Sauer references his strong Catholic faith and insists that he and his wife are just the managers of a company that "the man upstairs" operates.

Practically speaking, business ethics played a bigger role in his company's ability to snare surety bonding than he might know.

"Steve was very honest from the outset," says Mary Faure, President of *Surety Insurance Services of the Northwest*, a longtime *Sauer Construction* business partner.

"If we're not sure an applicant can do a job we'll ask a couple of questions. If they stumble around attempting to justify the bid, it raises serious concerns."

In addition to refusing to inflate his company's ability to accomplish contracts on which it bids, Faure says Sauer's work earns raves from satisfied clients.

On past performance, Faure—a thirteen year veteran of underwriting construction contract bonds—says that a performance problem might not be a major obstacle for a contractor attempting to purchase a bond if they have worked to solve the performance issue. Inversely, a performance issue unresolved would negatively affect a small business' attempt to secure bonding for a large contract.

Not afraid of growing the scale of his operations, Sauer hopes to own ten trucks serving many functions in the near term.

"Dump Trucks, Lowboys, you name it, I want 'em."

Steve Sauer currently lives in Anacortes with his wife of 15 years, Angela, and their 4 boys and two girls.

In addition to managing a busy household, Angela Sauer is the Secretary Treasurer of the company and performs some on-site traffic control, as well as managing the companies growing paper flow.

For getting started on their first contract, Sauer leaves no doubt about who should get the credit.

"When we were going for our first job, most bonding companies were afraid to help a company without a track record," says Sauer. "That's when DOT walked right in and said 'you bet, we'll give 'em a chance.'"

Steve Sauer *literally* capitalized on that chance.

For more information about Steve Sauer Trucking and Construction, Inc. call (360) 293-9702, or write: Steve Sauer Trucking and Construction, 4015 Astrea Place, Anacortes, WA 98221. On OSDBU's bonding program, contact Arthur D. Jackson, Bond Manager, at (202) 366-5344 or visit http://osdbuweb.dot.gov/MP/mktpkg11.htm.

ITS Offers Opportunities for Small and Women-Owned Businesses

The *ITS* field offers great opportunities for small businesses. By nature, *ITS* projects improve the efficiency and safety of our expensive infrastructure through advanced modern technologies.

Because of this, *ITS* projects are dependent on expertise and talent, and less dependent on large capital investment.

This is a perfect combination for many small, disadvantaged and women-owned businesses with low overhead and high talent.

Historically, women-owned businesses are awarded less than 2 percent of government procurement contracts and less than 4 percent of corporate contracts. Their rate of participation in *ITS* projects has been similarly low.

DOT is committed to doing something about that. Therefore, DOT's OSDBU recently initiated a Women's Business Enterprise (WBE) Intelligent Transportation System *(ITS)* Outreach Program to support the participation of women-owned businesses in the *ITS* field.

To learn more about this program, contact Regan Ford by phone at (800) 643-3656 or by e-mail at ReganFord@aol.com

DOT Plans Technology Investment

DOT Attempts to Secure Additional Funding for advanced transportation infrastructure in the FY 2000 R&D Budget

President Clinton has made it very clear that technological innovation has played a significant role in our country's recent economic success. He feels strongly that "Investing in Technology is Investing in America's Future." His goal for the transportation in the 21st Century is an efficient transportation system that supports economic growth while still remaining safe, secure and environmentally friendly.

More than 4.2 trillion ton-miles of freight are moved on our highways every year. That's more than 25 tons per person.

The Department of Transportation (DOT) is working hard to put together the advanced transportation infrastructure that will be needed in the 21st century. Over the last six years DOT has spent nearly $5 billion on transportation research and development, including intelligent transportation systems.

DOT's R&D investments are less than two percent of total federal R&D. This appears to be out of proportion with the impact transportation has on the American people.

DOT is attempting to secure additional funding for R&D in the FY 2000 budget. In the mean time however, DOT is trying to increase the impact of existing investment by working with the National Science and Technology Councils' Committee on Technology, and its subcommittee on Transportation Research, to leverage overall federal R&D by establishing national R&D priorities.

Nevertheless, DOT believes that more needs to be done to put in place the advanced transportation infrastructure this nation will need in the 21st century. Thus, proactively, DOT is developing a framework for transportation research and development activities.

This framework includes the recently presented DOT Research and Development Plan, the National Transportation Science and Technology Strategy, and the Transportation Strategic Research Plan.

These plans are part of a decision-making system that will move DOT towards a high-tech transportation system that saves lives, money, and time while providing Americans with access to affordable, environmentally friendly transportation. U.S. Deputy Transportation Secretary Mortimer L. Downey chairs the National Science and Technology Council's Committee on Technology, which developed these strategic materials.

Experience has shown that *Intelligent Transportation Systems* improve safety and efficiency. When incorporated into new roadway construction, *ITS* can save taxpayers 35 percent of the infrastructure investment that would otherwise be needed.

Over the next 20 years *ITS* will create a $340 billion industry and 600 thousand new jobs. Knowledge, research and innovation are the keys to growth in these times of economic transformation.

The three documents referenced above can be viewed at www.scitech.dot.gov

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OSDBU also has an extensive web site at http://osdbuweb.dot.gov/ that hosts a wide variety of information designed to assist small and disadvantaged businesses that want to conduct business with the Department of Transportation.

The *Marketing Package*, *Procurement Forecast*, CBD (Congressional Business Daily) procurement postings, etc. all are posted and updated in a time sensitive manner to provide current information to the small and disadvantaged business community.

ITS and Small Business

Our nation's transportation system is evolving from the era of expansion of the interstate highway system to an era where we enhance mobility and improve safety by means of *ITS*.

There are many opportunities emerging for small and disadvantaged businesses within *ITS* in many fields. We encourage you to learn more about *ITS* and the opportunities it can provide for your company!

For more information, please visit the ITS *web site at http://www.its.dot.gov/ For more information on TEA-21 visit http://www.fhwa.dot.gov/tea21/index.htm*

Have you subscribed to the OSDBU automatic e-mail service? To receive announcements that affect the small and disadvantaged business community, go to the OSDBU web site, at http://osdbuweb.dot.gov/cfapps/lists/lists.html to sign up for routine announcements.

OSDBU has started an *ITS* section on the Related Links page at: http://osdbuweb.dot.gov/related.htm We will be expanding this section further to provide our customers additional *ITS* contacts.

NAICS vs SIC Codes

NAICS Codes Now Being Used More Frequently for More Accuracy

The North American Industry Classification System (NAICS) started replacing the U.S. Standard Industrial Classification (SIC) system in 1997. The basic structure of the SIC system had remained the same since the 1930s.

The new NAICS allows for newer industries and reorganizes the categories on a process-oriented production basis. The SIC system used a mixture of production-based and market-based categories. In 1992 efforts began to create a common industry classification system for Canada, Mexico and the United States. NAICS is the result.

The Small Business Administration's (SBA) PRO*Net* database of small businesses allows users to enter data, or search the database, using SIC or NAICS codes. For *ITS*-related companies, NAISC codes can now be used to more accurately define the range of goods and services their companies offer. As technological advances create new industry categories, the trend will be to list these new industries under NAICS codes.

Conversion tables between the SIC Codes and NAICS codes are available at http://www.census.gov/epcd/www/naics.html

For more information about NAICS, visit: http://www.census.gov/epcd/www/naics.html

Below are some of the NAICS codes that correspond to ITS activities

NAICS TITLE	NAICS CODE
Radio & Broadcasting & Wireless Communications Equipment	*334220*
General Freight Trucking	*484100*
Transit & Ground Passenger Transportation	*485000*
Other Support Activities for Road Transportation	*488490*
Credit Card Issuing	*522210*
On-Line Information Services	*514191*

Are You Y2K OK?

Year 2000, or Y2K, is just around the corner. Are you prepared? There are many outreach events and materials available to help small businesses.

The Small Business Administration (SBA) has a series of Y2K events scheduled across the country. You can learn more about them at http://www.sba.gov/y2k/y2kcalendar.html

SBA is also hosting a series of *Y2K Matchmaker Fairs*. The Fairs are designed to introduce Y2K Solution Providers to local small business owners who have Y2K-related computer problems. Details can be accessed at http://www.sba.gov/y2k/

For more information on Y2K, and ways to make your small business Y2K compliant, view the OSDBU web site at http://osdbu.dot.gov/doty2k.htm

Calendar Note

Be sure to keep your business calendar clear for ITS America's Symposium On the ITS Market. *This important transportation event takes place on September 24 in Arlington, VA. For more information, contact Katrina Mayo by phone at (202) 484-4549 or e-mail kmayo@itsa.org*

CALENDAR OF EVENTS FOR July / August 1999

Date	Place	Contact
July 12	Next Y2K Transportation Sector Meeting Washington, DC	Caitlin Hughes (202) 366-9952 caitlin.hughes @ost.dot.gov
July 15	DOT/OSDBU Transportation Marketplace Portland, OR	Susan Bowser (800) 532-1169 Register at: http://osdbuweb.dot.gov/main.cfm
August 8-11	National Urban League Conference *Agenda 2000: Equality and Power for New Millennium* Houston, TX	Register at: www.nul.org/99conf/registration.html (212) 558-5385
August 16-21	Blacks in Government (BIG) 21st Annual National Training Conference, Sponsored by BIG New Orleans, LA	Patricia Limbrick (713) 336-4320 Register at: http://www.bignet.org/ntc/index.htm
August 25	FAA Women Business Enterprise Day FAA Headquarters DOT Nassif Building Washington, DC	Tom Needham (800) 532-1169
August 29-Sept.1	Rural Advanced Technology International Conference Sponsored by *ITS America* and FHWA Flagstaff, AZ	Robert Puentes (202) 484-4663 Matt Burdick (602) 255-7049
August 30	Winning Strategies for Women Entrepreneurs Sponsored by the SBA Wilmington, DE	Mark Quinn or Danielle Lanteri (302) 477-9828

http://osdbuweb.dot.gov

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Office of the Secretary of Transportation

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